

## Attachment C

### **Water Management and Watershed Planning and Restoration Provisions**

Changes based on August 25, 2003 negotiation session deliberations. These changes have not been reviewed by the Agency.

#### **4.1 Separate Charges and Funds**

(a) On or before April 30 preceding each fiscal year during which any of the following charges are payable, the Agency will establish the amount of the following charges for the ensuing fiscal year:

- (1) the Operation and Maintenance Charge,
- (2) the Santa Rosa Aqueduct Capital Charge,
- (3) the Forestville Aqueduct Capital Charge,
- (4) the Sonoma Aqueduct Capital Charge,
- (5) the Petaluma Aqueduct Capital Charge,
- (6) the Aqueduct Facilities Revenue Bonds Charge,
- (7) the Storage Facilities Revenue Bonds Charge,
- ~~(7)~~(8) the Common Facilities Revenue Bonds Charge,
- ~~(7)~~(9) the North Marin Revenue Bonds Charge,
- ~~(7)~~(10) the Water Conservation Charge.
- ~~(7)~~(11) the Recycled Water/Local Supply Charge.
- (12) the Water Management Planning Charge
- (13) the Watershed Planning and Restoration Charge

In determining the amount of these charges, the Agency shall include a reasonable allowance for usual contingencies and errors in estimation, and to maintain a prudent reserve in an amount determined from time to time by the Water Advisory Committee.

*<Note: Should MMWD not be a signer of the proposed new agreement, the Water Conservation Charge and Recycled Water/Local Supply Charge will not be instituted as separate charges but will be (remain) components of the Operation and Maintenance Charge.>*

#### **1.1 Definitions**

(aa) "Russian River Projects Fund" means the fund established by the Agency to pay or partially pay for: (1) carrying out the Agency's Coyote Valley Dam Project and Warm Springs Dam Project channel-stabilization works obligations to the United States Government and the State of California under Agency Board of Directors Resolutions No. 6847 adopted May 24, 1955, No. 7798 adopted September 27, 1955, No. DR00793-1 adopted September 25, 1961 and Resolution No. DR68485 adopted December 23, 1980; (2) securing and defending appropriative water rights which are

necessary for the realization of the full benefits of the Coyote Valley Dam and Warm Springs Dam Projects; (3) the Agency's share of the United States Government's investment, operation and maintenance, and major replacement costs associated with the Coyote Valley Dam and Warm Springs Dam Projects; (4) the acquisition of all or part of the Potter Valley Project or contributions made to the Project owner to insure the continued operation of all or part of the Project; ~~and~~ (5) fishery mitigation and enhancement projects undertaken by the Agency in the Russian River and Eel River and their tributaries including the Agency's costs of complying with the Endangered Species Act, or any other applicable federal, state, or local environmental statute or regulation; and (6) costs for actions, studies or projects authorized pursuant to section 2.8 of this agreement. Costs payable from the Russian River Projects Fund are limited to those costs reasonably necessary, in the Agency's judgment, to enable the Agency to provide water to regular customers under this agreement.

## **Section 2.7 Water Management ~~Watershed~~ Planning and Restoration**

~~(a)~~ The Agency shall periodically prepare a draft regional Urban Water Management Plan pursuant to the Water Code for consideration by the water contractors. Each water contractor shall provide the Agency with all information and data the Agency reasonably determines to be necessary to allow the Agency to prepare the draft regional Urban Water Management Plan. Each water contractor shall either approve and adopt the draft regional Urban Water Management Plan prepared by the Agency as its Urban Water Management Plan, or prepare and adopt its own Urban Water Management Plan. The Agency shall use its best efforts to prepare a draft regional Urban Water Management Plan that meets the requirements of the Water Code, but shall not be liable to any water contractor for any claims, actions, or liabilities arising out of or related to the approval by any water contractor of a draft regional Urban Water Management Plan prepared by the Agency.

## **Section 2.8 Watershed Planning and Restoration**

(a) The Agency may undertake any action, study, or project approved by the Water Advisory Committee related to (1) the development or implementation of watershed restoration and maintenance plans and projects (including, but not limited to, stream restoration projects, water quality monitoring studies and projects, public education and outreach activities, and funding of third-party studies and projects) or (2) groundwater studies and investigations. Before undertaking any such action, study or project: (1) the Agency shall consider suggestions received from the public, water contractors, and interested parties and organizations such as the Russian River Watershed Association as to the actions, studies, and projects to be undertaken by the Agency hereunder; and (2) the Agency and the water contractors shall use their best efforts to obtain funding contributions from other parties that would benefit from actions, studies, or projects authorized hereunder, including but not limited to federal and state loans and grants, municipalities (including Russian River Customers, county and special district governments), and urban and industrial development,

gravel mining, agriculture, forest harvesting, recreation, and sport and commercial fishing interests.

~~(c)~~(b) The parties understand and agree that the authority granted to the Agency under this Section 2.87 is permissive and not mandatory, and that nothing in this Section 2.87 shall (1) require the Agency to undertake any action or project unless such action or project is approved by the Agency, (2) impair or affect the Agency's right to undertake any action or project not funded under this Agreement, or (3) require the Agency to engage in any regulatory activity.

~~(d)~~(c)–The Agency may carry out projects and activities within the scope of subsection ~~(a)~~(b) above that primarily or exclusively benefit one or more water contractors, provided (1) such projects and activities are approved by the Water Advisory Committee, (2) the Agency identifies the benefited water contractor(s) and (3) that each water contractor entering into an agreement with the Agency for such project or activity agree to pay supplemental charges as approved by the Agency and the Water Advisory Committee to defray all or a portion of the cost of the project or activities.

#### 4..XX Water Management Planning Charge

(a) The Water Management Planning Charge shall be a uniform charge per acre-foot and shall be paid by all regular customers for all water delivered from the Transmission System.

(b) The aggregate amount of money to be received by the Agency from the Water Management Planning Charge in each fiscal year shall be sufficient to produce water sale revenues to cover the Agency's estimate of costs for such fiscal year for carrying out the provisions of Section 2.7 of this agreement.

#### 4.XXX ~~12~~ Watershed Planning and Restoration Charge

(a) The Watershed Planning and Restoration Charge shall be a uniform charge per acre-foot and shall be paid by all regular customers for all water delivered from the Transmission System.

(b) The aggregate amount of money to be received by the Agency from the Watershed Planning and Restoration Charge in each fiscal year shall be sufficient to produce water sale revenues to cover the Agency's estimate of costs for such fiscal year of carrying out: (1) fishery mitigation and enhancement projects undertaken by the Agency in the Russian River and Eel River and their tributaries including the Agency's costs of complying with the Endangered Species Act, or any other applicable federal, state, or local environmental statute or regulation; and (2) actions, studies or projects authorized pursuant to section 2.8 of this agreement ~~activities of the Agency required or authorized under Section 2.7(a) and (b)~~ that are not covered by other funding sources and contributions.

(c) The Agency shall use its best efforts to amend its existing contracts with Russian River Customers to require Russian River Customers to pay the Watershed Planning and Restoration Charge or fund or implement watershed planning and restoration projects at a level equivalent to that funded by the Agency under this agreement.

(d ~~e~~) In addition to the Watershed Planning and Restoration Charge, the Agency may assess against the water contractors such supplemental charges as are authorized and agreed to under Section 2.87(c ~~d~~). All such supplemental charges shall be deposited in the Russian River Projects Fund. Supplemental charges under this subsection shall not be included in determining the minimum payments by other Agency customers pursuant to Section 4.16.

(e ~~d~~) All money received by the Agency in payment of the Watershed Planning and Restoration Charge shall be deposited by the Agency into the Russian River Projects a Watershed Planning and Restoration Fund ~~and used solely to pay or partially pay for the Agency's costs of carrying out the activities required or authorized under Section 2.7.~~

*<To assure equity, the \$20 cap contained in Section 4.17 (b) would need to be deleted and, to insure that NMWD does not pay double NMWD would need to receive credit for the amount of Watershed Planning and Restoration Charges it pays. An adjustment would also have to be made for supplemental charges paid by others pursuant to Section 4.XXX (d). Similarly, the \$20 cap in the Agreement for Sale of Water Between SCWA and MMWD would need to be deleted. If MMWD becomes a signatory to the new agreement, a credit and adjustment like the one provided for NMWD would apply.>*